

July 22, 2002

Honorable Carmen Hooker Odem  
Secretary  
North Carolina Department of Health and Human Services  
2001 Mail Service Center  
Raleigh, North Carolina 27699-2001

Dear Secretary Odem:

We have determined that North Carolina's application for Fiscal Year (FY) 2002 funds, under Part C of the Individuals with Disabilities Education Act (Part C), can be approved. Therefore, I am enclosing your State's Part C grant award.

The approval is based upon our receipt of your assurances for FY 2002. This includes the assurance from the North Carolina Department of Health and Human Services (NCDHHS) that the statewide system of early intervention services required by Part C and its implementing regulations is in effect.

Part III of the FY 2002 application for Part C funds requested updated information about each State's restricted indirect cost rate. Based upon information provided by NCDHHS and further inquiries by this Department, we have determined that NCDHHS does not have an approved restricted indirect cost rate in effect. NCDHHS must revise its indirect cost rate proposal and request a restricted indirect cost rate for the Part C Infant and Toddler Program, as required under 34 CFR §§76.563-76.569. By accepting Part C grant funds, the State's Department of Health and Human Services (as the lead agency designated under Part C) is agreeing either to adopt a restricted indirect cost rate or a cost allocation plan, as required under the Education Department General Administrative Regulations (EDGAR). Since your Department does not currently have an approved restricted indirect cost rate, the Department of Education has determined that it is necessary to impose a temporary restricted indirect cost rate, until such time that your agency has obtained an approved restricted rate from your cognizant Federal agency and has provided documentation to that effect. Therefore, for this FY 2002 Part C grant, you may use an indirect cost rate not to exceed 10.7%. This rate is a 50 percent reduction from your unrestricted rate. The Department of Education has calculated this percentage reduction based upon the average reduction for Part C lead agencies that have gone from an unrestricted rate to a restricted rate. This temporary rate will remain in effect until we receive documentation of an approved restricted indirect cost rate.

The enclosed grant award for FY 2002 is made with the continued understanding that this Office may, from time to time, require clarification of information within your application and appendices, if necessary. These inquiries are needed to allow us to appropriately carry out our administrative responsibilities related to Part C.

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We appreciate your ongoing commitment to the provision of quality early intervention services to infants and toddlers with disabilities and their families.

Sincerely,

Stephanie S. Lee  
Director  
Office of Special Education Programs

Enclosure

cc: Duncan Munn  
Part C Coordinator